

**BILL #** SB 1235

**SPONSOR:** O'Halleran

**TITLE:** state expenditures; searchable database; transparency

**STATUS:** As Introduced

**PREPARED BY:** Dan Hunting

## FISCAL ANALYSIS

### Description

The bill would require the Arizona Department of Administration (ADOA) to establish and maintain a public internet database of state contracts by 2013.

### Estimated Impact

The fiscal impact cannot be determined with certainty and would depend on the scope of the project. In its most simple form, it may be possible to modify the current contract database system at a cost in the millions of dollars. However, the inclusion of more complete payment data may require replacement of the state's accounting system. ADOA estimates this cost at \$100 million over 5 years.

ADOA believes that the current accounting system used by the state is incapable of providing information in the form that this bill requires.

### Analysis

This bill sets a deadline of January 1, 2013 to make a database of all state contracts available to the public on the Internet, providing the manner of payment, funding source and funding amount, in addition to the name of the state agency served and the contractor. According to ADOA, the state's current procurement and accounting systems are not capable of interacting and bringing all of this information together in one place, as required by the bill. Individual agencies have differing practices for reporting and tracking this data; and even within agencies' contracts, fund sources and payments may each be handled by different and incompatible systems. Some of these systems still retain records as paper files, which are not easily posted to the Internet.

ADOA currently operates a website ([www.spirit.az.gov](http://www.spirit.az.gov)) which provides some information on state contracts, however, this is not a comprehensive database of all contracts. It may be possible to modify the system and provide a complete list of contracts and an expanded set of data fields. This type of project might cost in the millions of dollars.

These modifications may not provide, however, full expenditure data. This payment information would come from the state's long-time accounting system, the Arizona Financial Information System (AFIS). ADOA reports that this additional information cannot be linked to the contract data using AFIS, given the latter system's age and lack of flexibility. Replacing the current AFIS accounting system has been a priority of ADOA for several years. This new system would be capable of providing the data required by this bill. ADOA has submitted a funding request for \$100 million over 5 years to develop and implement this system; however, this funding has not been approved.

It may be possible to develop an interim accounting system solution that would capture the required data. According to ADOA, development of this partial solution would likely cost a substantial fraction of the \$100 million needed for a comprehensive statewide accounting system; however, no specific estimate was provided.

### Local Government Impact

None